

## A G E N D A



<b>RBA</b>	Austin Housing Finance Corporation	<b>Item ID</b>	6284
<b>Meeting Date:</b>	5/12/2011	<b>Department:</b>	Neighborhood and Community Development

## Subject

Approve a modification to motion No. 20101209-AHFC007, which authorized negotiation and execution of a loan to FOUNDATION COMMUNITIES, INC., or its affiliate organization, in an amount not to exceed \$2,000,000 to assist with the rehabilitation, conversion and operation of the property located at 2501 South Interstate Highway 35 into a 120-unit single-room occupancy housing facility for qualifying individuals, to include authorization to transfer ownership of the property from FOUNDATION COMMUNITIES, INC., or its affiliate organization, to the Austin Housing Finance Corporation for the purpose of leasing the property to FOUNDATION COMMUNITIES, INC., or its affiliate organization.

## Amount and Source of Funding

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	February 17, 2011 – Approved an ordinance changing the land use designation from commercial use to mixed use.
<b>For More Information:</b>	Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182.
<b>Boards and Commission Action:</b>	December 9, 2010 – Austin Housing Finance Corporation board authorized negotiation and execution of a loan not to exceed \$2,000,000 for the purpose of rehabilitation and conversion of the property into a 120-unit single-room occupancy facility.
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

## Additional Backup Information

Approval of this request will change the structure of the proposal which was approved on December 9, 2010. The change involves Foundation Communities, Inc., or its affiliate organization, acquiring the property at 2501 South IH-35, and then simultaneously transferring ownership to the Austin Housing Finance Corporation (AHFC), which would then lease the property back to Foundation Communities, Inc. or its affiliate organization. The property will be renovated in order to operate a single-room occupancy (SRO) development now known as Arbor Terrace. This property is the site of the current Suburban Lodge extended stay hotel.

Per the attached letter from Mr. Walter Moreau, Executive Director of Foundation Communities, if approved, the property would become exempt from property taxes of approximately \$25,000 per year. Foundation Communities has committed to use those property tax savings for the benefit of the residents and will fund on-site support services for residents and will provide an additional five units of Permanent Supportive Housing (PSH) in addition to the 20 PSH units already planned at the development.

The proposed ownership structure, where AHFC owns the property and leases it back to a development's operating entity, has been used to make projects more financially feasible through the benefit of AHFC's property tax exemption. Under the proposed structure, Foundation Communities would assume all liability and responsibility for the day-to-day operation of the development and would indemnify AHFC against all losses.

The following table provides a list of the properties AHFC owns and leases back to the development's operating entity.

Name	Operated by	Location	Population Served	Units
Villas on Sixth*	Campbell-Hogue & Associates	2011 East 6 <sup>th</sup> Street	50% Median Family Income (MFI) and below, but also includes 24 market-rate units	160
Oak Springs Villas	Volunteers of America	2901 Oak Springs (former City Surplus property)	Seniors at or below 50% MFI	56
Spring Terrace	Foundation Communities	7101 N. IH-35	50% MFI and below	140
Primrose at Shadow Creek*	Cascade Affordable Housing	1036 Clayton Lane	Seniors at or below 60% MFI	176
Glen Oaks Corner	Green Doors	900 Neal Street (former City Surplus property)	50% MFI and below	6
Franklin Gardens	Chestnut Neighborhood Revitalization Corporation	MLK and E. M. Franklin Blvd. (former City Surplus property)	Seniors at or below 50% MFI	22
Retreat at North Bluff*	Village on Little Texas, LLC	2912 Crow Lane	Five PSH units, 30% and 50% MFI, and will also include units at 80% and 120% MFI and market-rate units	240

\*Owned in part by an AHFC-affiliated entity either through a Limited Partnership or Limited Liability Company.

#### **Project Characteristics**

- Conversion of the property to an SRO will offer each resident a private efficiency unit with a kitchenette and bathroom.
- The property is currently comprised of 137 hotel rooms, 17 of which will be converted into common areas, meeting rooms, a computer lounge, and staff office space. The remaining 120 rooms will receive appliance and furniture updates as part of the rehabilitation.
- The location is served by a bus stop with multiple routes, allowing residents easy access to transportation, services, and retail establishments.
- The unit sizes range from 260 to 330 square feet.

#### **Population Served**

- Sixty units will be reserved for persons with incomes at or below 50 percent of the Median Family Income (MFI), currently \$25,850 for a single person
- The remaining 60 units will be reserved for persons with incomes at or below 30 percent MFI, currently \$15,550 for a single person.
- Residents will be comprised of formerly homeless individuals and those at risk of being homeless.
- Supportive services will be available to all residents, including case management, adult education, money

management, information and referral to community services, and a monthly food pantry.

- Units will be made available to persons participating in transitional housing programs operated by the Salvation Army, Front Steps, Green Doors, Caritas, and Lifeworks.

**Foundation Communities, Inc.**

Foundation Communities, Inc. is a 501(c)(3) non-profit organization established in 1984 and has successfully developed over 1,700 units of affordable rental housing in Austin. Foundation Communities has developed three successful SRO properties: Garden Terrace, Spring Terrace, and Skyline Terrace. The organization is also known for its array of resident services and for utilizing green building practices in all of its developments.